

## Sasken Communication Technologies (Shanghai) Co., Limited

## Balance Sheet (IGAAP)

Amount in INR

Particulars	Reference in notes	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds	1	70,696,054	70,696,054
Reserves and surplus	2	(30,445,449)	(15,691,675)
<b>Current liabilities</b>			
Trade payables	3	68,492,738	71,918,503
Other current liabilities	4	2,996,558	3,857,735
<b>Total</b>		<b>111,739,901</b>	<b>130,780,617</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	5	255,619	12,807,742
Long term loans and advances	6	177,829	450,897
<b>Current assets</b>			
Trade receivables	7	41,210,529	51,876,239
Cash and bank balances	8	59,366,760	29,282,562
Short term loans and advances	9	1,572,034	1,449,735
Other current assets	10	9,157,130	34,913,442
<b>Total</b>		<b>111,739,901</b>	<b>130,780,617</b>

Notes to accounts

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The notes to accounts form an integral part of the Balance Sheet.

For and on behalf of the Board of Directors of  
Sasken Communication Technologies (Shanghai) Co., Limited

Rajiv C Mody  
Legal Representative

Place : Bangalore

Date : April 25, 2014



Sasken Communication Technologies (Shanghai) Co., Limited

Statement of Profit and Loss

Amount in INR

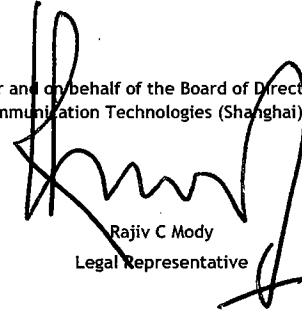
Particulars	Reference in notes	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Revenue from Operations	11	81,036,036	134,012,285
Other Income	12	640,244	2,712,973
<b>Total Revenue</b>		<b>81,676,280</b>	<b>136,725,258</b>
Expenses:			
Employee benefit expense	13	78,065,629	90,681,473
Other expense	14	11,099,883	22,624,535
Depreciation and amortization expense	5	12,612,413	10,431,381
<b>Total expenses</b>		<b>101,777,925</b>	<b>123,737,389</b>
<b>Profit/(loss) before tax</b>		<b>(20,101,645)</b>	<b>12,987,869</b>
Tax expense/(credit):			
(1) Current tax		898,279	-
<b>Total tax expense</b>		<b>898,279</b>	<b>-</b>
<b>Profit/(loss) for the year</b>		<b>(20,999,924)</b>	<b>12,987,869</b>

Notes to accounts

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The schedules referred to above form an integral part of the Statement of Profit and Loss

For and on behalf of the Board of Directors of  
Sasken Communication Technologies (Shanghai) Co., Limited



Rajiv C Mody  
Legal Representative

Place : Bangalore

Date : April 25, 2014



Sasken Communication Technologies (Shanghai) Co., Limited

Reference to notes forming part of the Balance Sheet

Amount in INR

Particulars	Reference in notes	As at March 31, 2014	As at March 31, 2013
<b>Shareholders' funds</b>	<b>1</b>		
<b>Issued, subscribed and paid up capital</b>			
Share Capital		70,696,054	70,696,054
		<b>70,696,054</b>	<b>70,696,054</b>
<b>Reserves and surplus</b>	<b>2</b>		
<b>Foreign exchange translation reserve</b>			
Opening balance		8,786,308	5,465,985
Add: movements during the year		6,246,152	3,320,323
		<b>15,032,460</b>	<b>8,786,308</b>
<b>Profit and loss account balance</b>			
Opening balance		(24,477,984)	(37,465,852)
Add: profit for the year		(20,999,924)	12,987,869
		<b>(45,477,908)</b>	<b>(24,477,983)</b>
<b>Total</b>		<b>(30,445,449)</b>	<b>(15,691,675)</b>
<b>Trade payables</b>	<b>3</b>		
<b>For goods, services and expenses</b>			
- Dues to other creditors		68,492,738	71,918,503
		<b>68,492,738</b>	<b>71,918,503</b>
<b>Other current liabilities</b>	<b>4</b>		
<b>Statutory remittances</b>			
Contributions to Insurance Fund, Social welfare, etc.,		2,128,390	2,978,754
Individual Income Tax		372,061	349,265
VAT liability		496,107	529,716
		<b>2,996,558</b>	<b>3,857,735</b>



Sasken Communication Technologies (Shanghai) Co., Limited

Reference to notes forming part of the Balance Sheet

Reference in notes 5 - Fixed assets

Particulars	Gross Block				Depreciation/Amortization/Impairment				Amount in INR			
	Balance as at April 1, 2013	Additions during the year	Deletions during the year	Adjustments	Balance as at March 31, 2014	Upto March 31, 2013	For the year	Deletions during the year	Adjustments	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible Assets												
- Computers	10,598,179	54,147	99,123	(1,224,155)	11,777,358	10,237,038	212,642	40,273	(1,178,062)	11,587,469	189,889	361,141
- Electrical Fittings	14,284,655	-	16,571,888	(2,287,233)	-	11,909,664	2,634,809	16,571,888	(2,077,415)	-	-	2,374,991
- Furniture and Fittings	4,341,898	-	5,037,114	(695,216)	-	2,018,489	2,526,536	5,037,113	(492,088)	-	-	2,323,409
- Plant & Machinery	26,517,533	-	30,763,471	(4,245,938)	-	18,872,763	7,216,821	29,581,575	(3,491,991)	-	-	7,644,770
- Office Equipments	149,809	17,205	-	(16,277)	183,291	46,378	21,605	-	(49,578)	117,561	65,730	103,431
<b>Total</b>	<b>55,892,074</b>	<b>71,352</b>	<b>52,471,596</b>	<b>(8,468,819)</b>	<b>11,960,649</b>	<b>43,084,332</b>	<b>12,612,413</b>	<b>51,230,849</b>	<b>(7,239,134)</b>	<b>11,705,030</b>	<b>255,619</b>	<b>12,807,742</b>
<b>Balance as at March 31, 2013</b>	<b>51,647,713</b>	<b>44,274</b>	<b>-</b>	<b>4,200,087</b>	<b>55,892,074</b>	<b>30,084,716</b>	<b>10,432,647</b>	<b>-</b>	<b>2,566,970</b>	<b>43,084,332</b>	<b>12,807,742</b>	<b>-</b>



Sasken Communication Technologies (Shanghai) Co., Limited

Reference to notes forming part of the Balance Sheet

Amount in INR

Particulars	Reference in notes	As at March 31, 2014	As at March 31, 2013
<b>Long term loans and advances</b>	<b>6</b>		
<b>Unsecured considered good</b>			
Security deposits		177,829	450,897
<b>Unsecured considered doubtful</b>			
Security deposits		1,355,452	1,215,538
Less: Provision for doubtful deposits		(1,355,452)	(1,215,538)
		<b>177,829</b>	<b>450,897</b>
<b>Trade receivables</b>	<b>7</b>		
<b>Unsecured considered good</b>			
Outstanding for more than six months from due date		25,612,232	22,661,270
Outstanding for less than six months from due date		15,598,297	29,214,969
		<b>41,210,529</b>	<b>51,876,239</b>
<b>Cash and bank balances</b>	<b>8</b>		
<b>Cash and cash equivalents</b>			
Balances with banks		59,295,901	29,183,445
Cash on hand		70,859	99,117
		<b>59,366,760</b>	<b>29,282,562</b>
<b>Short term loans and advances</b>	<b>9</b>		
<b>Advances recoverable in cash or in kind or for value to be received</b>			
Loans and advances to employees		803,974	73,077
Prepaid expenses		752,375	1,156,917
Balances with Govt. Authorities		15,685	219,741
		<b>1,572,034</b>	<b>1,449,735</b>
<b>Other current assets</b>	<b>10</b>		
Unbilled Revenues		7,996,091	34,913,442
Receivable towards sale of Fixed Assets		1,161,039	-
		<b>9,157,130</b>	<b>34,913,442</b>



Sasken Communication Technologies (Shanghai) Co., Limited

Reference to note forming part of the Statement of Profit and Loss

Amount in INR

Particulars	Reference in notes	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
<b>Revenue from operations</b>	<b>11</b>		
Sale of software services		81,036,036	134,012,285
		<b>81,036,036</b>	<b>134,012,285</b>
<b>Other Income</b>	<b>12</b>		
Miscellaneous income		357,450	-
Other interest income		191,780	142,248
Write back of unclaimed balances/ provisions		825,217	-
Profit on Sale of Fixed Assets		3,289,190	-
Exchange gain / (loss)		(4,023,393)	2,570,725
		<b>640,244</b>	<b>2,712,973</b>



Sasken Communication Technologies (Shanghai) Co., Limited

Reference to note forming part of the Statement of Profit and Loss

Amount in INR

Particulars	Reference in notes	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
<b>Employee Benefit Expense</b>	<b>13</b>		
Salaries & Bonus		73,206,835	83,734,436
Contribution to Provident and Other Funds		4,403,234	4,972,120
Staff Welfare		355,496	1,781,206
Recruitment and Relocation		100,064	193,711
		<b>78,065,629</b>	<b>90,681,473</b>
<b>Other operational expense</b>	<b>14</b>		
Rent		2,993,571	4,894,145
Repairs and maintenance			
-Plant and machinery		314,916	1,520,396
-Building		73,614	967,560
-Others		14,901	103,790
Communication expenses		906,255	1,197,823
Travel expenses		770,949	3,164,504
Electricity and water charges		322,108	1,669,212
Professional, legal and consultancy charges		3,468,767	5,412,951
Insurance		104,991	221,883
Software expenses		84,666	90,110
Training and conference expenses		-	153,984
Selling expenses - others		403,920	289,708
Auditor's Remuneration			
- Audit fees		916,244	896,532
Provision for doubtful deposits and other Loan & Advances		-	1,217,764
Rates and taxes		524,606	324,769
Membership & Subscriptions		-	27,546
Miscellaneous expenses		200,375	471,858
		<b>11,099,883</b>	<b>22,624,535</b>



**Sasken Communication Technologies (Shanghai) Co., Limited**  
**Notes to accounts for the year ended March 31, 2014**

1. The company is a wholly owned subsidiary of Sasken Communication Technologies Limited. Key Management Personnel: Mr. Rajiv Mody, Managing Director. The company was incorporated on 4th January 2006 under the People's Republic of China Laws

**2. Significant Accounting Policies:-**

Basis for preparation of financial statements

The financial statements have been prepared under the historical cost convention, on accrual basis, in conformity with the Accounting Standards issued by the Institute of Chartered Accountants of India, the Companies Act, 1956 and other applicable statutes and guidelines.

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in future, actual results ultimately may differ from the estimates.

**a. Foreign Exchange Transactions**

- (i) Initial Recognition - All transactions are accounted initially using base currency Chinese Yuan Renminbi - CNY. Foreign currency transactions are recorded in the base currency, by applying to the foreign currency amount the exchange rate between the base currency and the foreign currency approximately at the date of the transaction.
- (ii) Translation/Conversion - All transactions recorded in Chinese Yuan Renminbi - CNY are translated in to reporting (Indian Rupees) currency using average rate for expenses and closing rate for balance sheet items.
- (iii) Exchange Differences - Exchange differences arising on the settlement or conversion of monetary items, are recognized as income or as expenses in the period in which they arise except those arising on liabilities pertaining to Fixed Assets, which are adjusted with the cost of the Fixed Assets.

**b. Work in Progress**

Costs related to milestones that have not been met are treated as costs of future activity and are reported as work in progress. Work in progress is carried at cost or net realizable value whichever is lower.





**c. Fixed Assets (including intangible assets)**

Fixed assets are stated at cost, less accumulated depreciation less impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

**d. Depreciation**

Depreciation is provided on Straight Line Method (SLM) at the rates mentioned below,

Type of asset	Rates (SLM)(%)
Computers	25
Electrical Fittings	20
Furniture & Fittings	10
Plant and Machinery (including Office Equipments)	20

Leasehold improvements at leased premises are depreciated over the estimated useful life or the lease period, whichever is lower.

Assets with unit value of Rs. 5,000 or less are depreciated entirely in the period of acquisition. Intangible assets are amortized over the estimated useful life.

**e. Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates



**15. Notes forming part of the financial statements for the year ended March 31, 2014**

- a. Estimated amount of contracts remaining to be executed on capital account (net of advances) amounted to Rs Nil (PY Nil).
- b. Contingent liabilities not provided for amount to Rs. Nil (PY Nil).
- c. **Related party disclosure**

**Transactions for the year ended March 31, 2014**

Name of the Party	Relationship	Nature of Transaction	Amount in INR	
			For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Sasken Communicaton Technologies Ltd	Holding Company	Software services rendered	(3,949,542)	3,426,222
Sasken Finland Oy	Related Company	Software services rendered	Nil	3,184,867

**Balances due/receivable to related Company:**

Name of the Party	Relationship	Nature of Transaction	Amount in INR	
			As at March 31, 2014	As at March 31, 2013
Sasken Communicaton Technologies Ltd	Holding Company	Subscription to the share Capital	70,696,054	70,696,054
		Administration Services (payable)	3,888,061	3,523,979
		Software Service rendered to SCTL (Receivable)	16,539,609	18,552,577
Sasken Finland Oy	Related Company	Costs & Capital Equipment (payable)	60,073,371	62,362,820
		Software Service rendered to SFOY (Receivable)	10,233,665	7,665,995
Rajiv Mody	Managing Director		NIL	NIL

“Certain employees of the company have been issued stock options under the Stock Option Plan of Sasken Communications Technologies Limited (SCTL). For the year ended March 31, 2014, SCTL has incurred a cost of Rs. Nil (March 31, 2013 Rs. Nil) as compensation cost for such options held by the employees of the company”



**d. Operating leases**

The Company has operating leases for office premises that are (a) renewable on a periodic basis. Rent escalations clauses vary as per schedule below:

Area	Facility at	Rent	Period
72.43 Sq. Meters	Shanghai	Approx per month Rs.61,253/- (RMB 6,287)	01-Aug-2013 to 31-Jul-2014
136.00 Sq. Meters	Beijing	Approx per month Rs.97,430/- (RMB 10,000)	01-Apr-2014 to 30-Jun-2014

	Amount in INR	
	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Rent expenses included in profit & loss account towards operating leases (RMB 309,635/-; Previous year RMB 565,882/-)	2,993,571	4,894,145

Minimum lease obligation under non-cancelable lease contracts amounts to:

	Amount in INR	
	As at March 31, 2014	As at March 31, 2013
Due in one year of the balance sheet date	594,605	NIL
Due between one to five years	NIL	NIL

For and on behalf of the Board of  
Sasken Communication Technologies (Shanghai) Co., Limited

Rajiv C Mody  
Legal Representative

Place: Bangalore  
Date : April 25, 2014

